

Top Of The Week

MCI To Sell Internet Backbone Network

Customers promised smooth transition to British carrier Cable & Wireless

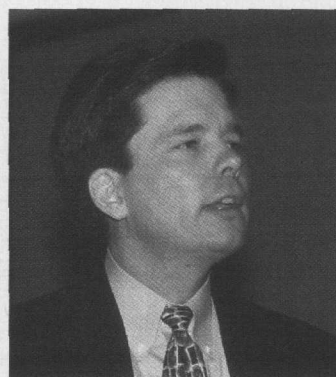
MCI plans to sell its Internet backbone network and accounts with Internet service providers to U.K. carrier Cable & Wireless plc. The deal, valued at \$625 million, is meant to address concern among regulators that MCI WorldCom—the company to be created from the merger of MCI and WorldCom—would control too much of the Internet backbone market. “This deal might help their case,” says a European Union spokesman.

As part of the deal, MCI would buy back capacity from Cable & Wireless to serve businesses that now get Internet service from MCI. Officials with the U.S. carrier say they can pull off the plan without a problem. “We want to make this as seamless as possible for our commercial customers,” says Brian Brewer, senior VP of MCI

business markets.

At least one MCI customer is open to the idea. “We will be looking for a high level of availability, and we expect that MCI will be able to maintain our service-level agreement,” says John Lane, information delivery group executive for NationsBanc Services Inc.

The sale to Cable & Wireless is tied to regulatory approval of the MCI-WorldCom deal, which MCI expects to close later this summer. If the merger fails, the Cable & Wireless deal is off.



Switchover: Change should be seamless, says MCI's Brewer.

MCI's Internet backbone and ISP service business will generate \$220 million in revenue this year. Cable & Wireless would get MCI's network infrastructure, including routers and support staff. Cable & Wireless would also acquire MCI contracts with more than 1,300 domestic and international ISPs. MCI WorldCom would continue to own the extensive Internet facilities amassed by WorldCom, mostly through its UUNet subsidiary.

Analysts say the deal gives Cable & Wireless an opportunity to expand in the United States. “They've been pretty lackluster in the U.S.,” says David Goodtree, an analyst with Forrester Research Inc. “Maybe now they'll be coming out of the closet.” —**Mary E. Thyfault**

Pacific Bell To Deploy DSL Services In California

High-speed access offerings aimed at small businesses

Pacific Bell plans to deploy Digital Subscriber Line services to more than 200 California communities within the next few weeks. The high-speed local access services will be available by summer's end to 65% of 5 million business and residential customers, the carrier says.

PacBell's DSL services, which will run over regular copper phone lines, weren't expected until fall. Analysts say the carrier moved up deployment because startup local carriers such as Covad Communications Co. and NorthPoint Communi-

cations Inc. are already offering DSL services in PacBell's market. “We're starting to see the effect of competition in California,” says Beth Gage, an analyst with TeleChoice Inc.

Price Pressure

Competition may have led to lower-than-expected prices as well, Gage and other analysts say. PacBell's Office Pack DSL, which will provide dedicated and secure remote access for large businesses, is priced at \$189 per month for 1.5-Mbps downloading from the network to the user and 384-Kbps upstream from the user to the network. Service also is available for \$99 a month at 384 Kbps in both directions.

The Internet Access Pack, aimed

at small offices and home offices, is priced at \$199 for Internet access plus a 384-Kbps connection in both directions. For \$339, users can get speeds of 1.5 Mbps downstream and 384 Kbps upstream.

PacBell, owned by SBC Communications, describes DSL as especially attractive to small businesses. “This will capture those customers who are slow speed or no speed,” says Michael Powell, director of DSL marketing for SBC.

Customers must be within 16,000 feet of a telephone central office to access the PacBell service. The carrier says that when customers request the service, it will notify them within 24 hours if they are close enough to a central office to get the service.

Separately, Cisco Systems last week introduced a new line of DSL equipment for carrier and enterprise customers that can work with everything from ATM service to Ethernet.

—**Mary E. Thyfault**

Photo by Stan Barab